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IN THE

Supreme Court of the United States

OCTOBER TERM, 1968.

No. 497

THE BORDEN COMPANY, SAFEWAY STORES, INC., L. D. SCHREIBER & CO., L. D. SCHREIBER CHEESE CO., HAYSSEN MANUFACTURING COMPANY, FRIGO BROTHERS CHEESE CORPORATION, AND CONCORD CHEESE CORPORATION,

Petitioners,

vs.

NATIONAL DAIRY PRODUCTS CORPORATION,

Respondent.

REPLY TO RESPONDENT'S BRIEF OPPOSING PETITION FOR WRIT OF CERTIORARI.

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Respondent's Brief* filed herein emphasizes the importance of having this Court review the error of the Court of Appeals in this instance. Respondent would have this Court ignore its decision in *Graham* v. *John Deere,* 383 U. S. 1, and support a determination of the issue of "obviousness" based upon *assumptions* of need and commercial success. Respondent supports the relegation by the

* In this Brief, respondent's brief in opposition to the petition for certiorari will be referred to as "R. Br. . . . ." and the petition for certiorari as "Pet.". Otherwise, the abbreviation for citations will be as used in the petition.

Court of Appeals of the factual determinations of the scope and content of, and the level of skill in, the prior art made by the trial court to the position of "secondary considerations" and the elevation by that Court of assumed need and "commercial success" to primary tests of obviousness.

The Court of Appeals' decision, as well as the brief in opposition filed by respondent herein, demonstrates the erroneous conclusions which can be reached on the issue of obviousness when alleged "commercial success" is elevated from its proper position of a "secondary consideration" to one of primary importance. The Court of Appeals assumed "arrogation"** stating that "such arrogation can hardly comport with a finding of obviousness" (B-8), emphasized the alleged commercial success of the Podlesak method, and from that *assumed* that the Podlesak method was the answer to the packaging problems which existed in the cheese industry (B-7, 8). From this the Court of Appeals reasoned that since the Swift-Pauly people were involved in trying various packaging approaches which could be used in the cheese industry, if the Podlesak method, assumed to be a superior method for packaging cheese, was obvious, the Swift-Pauly people would have anticipated it. The Court of Appeals accepted the trial court's conclusion that the Swift-Pauly use had not anticipated the Podlesak method. This is fallacious reasoning and could only produce the erroneous result reached by the Court of Appeals in this instance. The fact that the Court mentioned *Graham* v. *John Deere* numerous times does not mean that it understood or followed the teachings of that case. The opinion of the Court of Appeals demonstrates that it did not understand or follow this Court's teachings.

** Defined by Webster as "to appropriate to oneself, to usurp" or in other words, to infringe. The issue of infringement was not before the trial court or the Court of Appeals.

The trial court made the factual inquiries and findings in the three areas dictated by this Court's decision in *Graham* v. *John Deere*. It found and applied the scope and content of the prior art, the differences between the prior art and the Podlesak claims, and the level of ordinary skill in the prior art (Pet. 6). The Court of Appeals accepted the trial court's factual determination of the scope and content of the prior art and the factual evaluation of the differences between the prior art and the Podlesak claims, but expressly rejected the factual findings of the trial court determining and applying the level of ordinary skill in the prior art, stating (B-5, Pet. 7):

> "We agree with both the district judge's description of the prior art and his enumeration of the differences between that art and the Podlesak method. We disagree, however, that "any mechanic" skilled in the art, even after viewing the Swift-Pauly operation in all its aspects, would readily recognize the modifications in that operation necessary to achieve Podlesak, thereby rendering the latter method obvious."

No matter how the respondent attempts to construe this, it is a rejection by the Court of Appeals of a finding of fact by the trial court, supported by the evidence, an obvious violation of Rule 52(a).

The Court of Appeals, in its decision, made no contrafinding determining and applying the level of ordinary skill in the prior art, but concluded non-obviousness based upon an *assumption* that the Podlesak method had been *arrogated* by *many other* cheese packagers and was *the* packaging solution for the cheese industry, and that the Swift-Pauly use failed to anticipate the Podlesak method, a determination the trial court found was very close (A-15).

The Court of Appeals, and respondent in its brief, accuse the trial court of exercising hindsight in determining "obviousness". Actually, respondent and the Court of Appeals

are attempting to *back* into a determination of non-obviousness based upon alleged commercial success and assumed "arrogation". In fact, there are many methods of packaging being used in the cheese industry today as indicated by the record. The Podlesak method is not being used to the exclusion of others. Respondent, as well as others in the industry, continues to package process cheese, the type of cheese Swift-Pauly was packaging, *not* using the Podlesak method, but using an antimycotic as a mold inhibitor (III 1399; DX 6, IV 207-9).

Respondent attempts to justify the Court of Appeals' assumption of "arrogation" of the Podlesak method by citing the Bush letter (R. Br. 18). The letter, at most, is merely an offhand expression by one person, taken completely out of context and without the benefit of explanation by evidence yet to be produced in the trial of an issue not before the Court. It deals only with one specific manner of introducing gas on one specific machine. Respondent has admitted that the infringement question was not an issue before the trial court (R. Br. 2, 3); that it is an issue yet to be determined on evidence that has not been introduced. No proper assumption of "arrogation" can be made on an isolated statement of such character in this situation where a wide variety of machines and methods used by the various petitioners are alleged to infringe. There was no evidence in the record from which the Court of Appeals could make the gross assumption in regard to "arrogation", an assumption necessary to its reasoning in reaching "non-obviousness".

In conclusion, petitioners respectfully request that the Writ of Certiorari be granted. Respondent's brief should not be persuasive to denying the Petition but, in fact, should be considered as supportive of the need for this Court to correct the error in approach committed by the Court of Appeals. Putting the cart before the horse, as

the Court of Appeals did in considering the alleged need and commercial success and assuming "arrogation" to determine obviousness, ignoring the trial court's factual finding determining and applying the prior art, would only serve to return the Section 103 considerations to the relatively undefined and uncharted era of pre-*Graham* v. *John Deere*.

Respectfully submitted,

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